GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:391
ANSWERED ON:20.11.2002
INCOME EARNED BY SHIPPING INDUSTRY
C. SREENIVAASAN

Will the Minister of SHIPPING be pleased to state:

(a) the total income earned by the Government from the Shipping Industry during the last three years, year-wise;

(b) whether the share of the public sector shipping industry is much more than that of the private shipping companies;

(c) if so, their total share in the income earned during the last three years;

(d) whether there is a downward trend in the income earning of Public Sector Shipping companies;

(e) if so, the details thereof and the reasons therefor; and

(f) the steps being taken by the Central Government to check this downward trend?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI S.U. THIRUNAVUKKARASAR)

(a) : The Government do not earn income directly from shipping companies except as dividend from Shipping Corporation of India (SCI) for its 80.12% stake. The dividend paid by SCI to Government during the last three years is Rs.45.20 crores in 1999-2000, Rs.70.60 crores in 2000-01 and Rs.79.17 crores in 2001-02 respectively. However, the total income earned by shipping companies (members of INSA consisting of 14 companies) for the years 1999-2000, 2000-2001 & 2001-2002 is Rs.4695.82 crores, 5591.47 crores & 5807.53 crores respectively.

(b) & (c) : Yes, Sir. The income earned by the Shipping Corporation of India, the only central public sector undertaking during the years 1999-2000,2000-2001 & 2001-2002 is Rs.2607.98 crores, 3132.23 crores and 2906.21 crores respectively.

(d) to (f) : Yes, Sir. There is a downward trend in income earned by the Shipping Corporation of India Ltd. during the year 2001-2002 as compared to 2000-2001 due to all round depression in freight rates globally. However, the Government has initiated several measures to encourage investment in the shipping industry.

- Import of all types of ships have been included in the OGL;
- Ships (including second hand ships) can be imported freely now without license as per guidelines issued by the Ministry of Shipping on 15th June,2001 and 5th March,2002 ;
- 100 percent FDI is allowed in Shipping sector;
- The proposed Custom duty of 5% on import of Ships in the Finance bill for 2001-2002, has been done away with.
- Enhancement of Depreciation rate from 20% to 25% for Ships.
- Section 33AC of IT Act has been made more attractive for Indian Shipping companies. The limit upto which reserves could be built up by the shipping companies for new acquisition will now include general reserves and share premium reserves also. Earlier it was limited to twice the paid up capital of the shipping companies.